

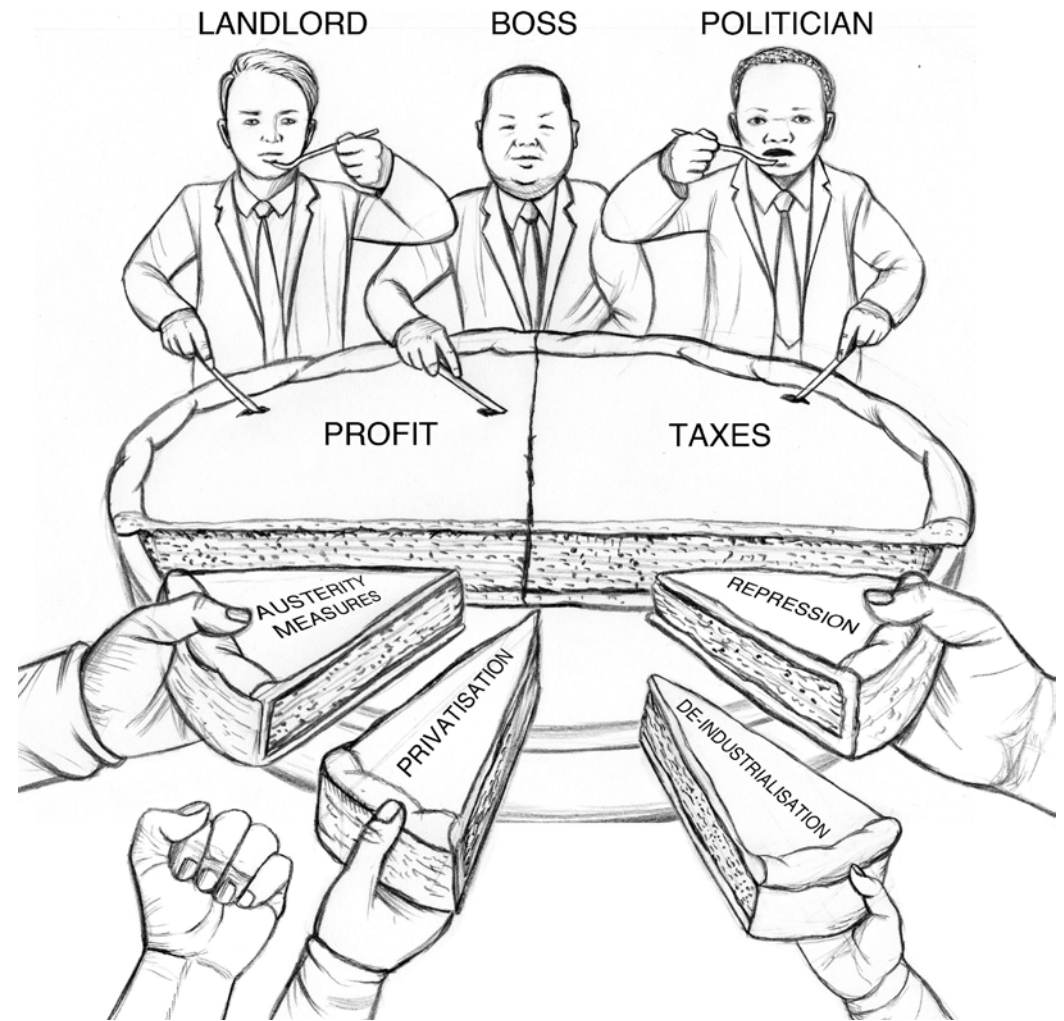
Industrial & Economic Sociology III  
(2020)

# The Political Economy of Contemporary Capitalism

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&

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# Introduction

The **world** is marked by major transformations. Class compromises in the Western world between labour and capital, and centred on Keynesian welfare state / KWS policies, have broken down. Centrally planned ‘Soviet’ (so-called ‘Communist’ / Marxist) economies have largely disappeared, as have systematic policies of economic protectionism and ISI/ import-substitution-industrialisation in the postcolonial world.

Inequality has greatly increased within, and between, countries, and a series of economic shocks - notably, the global financial crisis from 2007 onwards - have increased unemployment while reducing economic growth rates.

Yet there has *also* been substantial industrialisation and economic growth in parts of Latin America, Asia, and Africa, as well as the expansion of a range of oppositional movements, including resurgent (as well as new) trade unions.

## Aims and scope

The **aim of this course** is to examine these issues, by examining the phenomenon of ‘neo-liberalism,’ a term widely used to describe economic deregulation and global market integration, which are at the heart of many of these changes.

The course will **locate South Africa** within these global processes, and examine how the interaction of global with local factors has shaped the post-apartheid economy, and patterns of social conflict and inequality in the country. This requires an examination of the trajectory of South African economic policy, its location within country's social structure, and an assessment of local and global economic and social contradictions and processes.

**Issues that are examined include:** the core features of capitalism and the state; state and union economic policy proposals; neo-liberal theory vs. alternative analyses of capitalism; explaining global economic restructuring since the 1970s; the National Party (NP), African National Congress (ANC) and transition from ISI to neo-liberalism; the relationship between BEE and neo-liberalism; privatisation and other forms of state asset restructuring in South Africa since the 1970s, with a focus on municipalities and ESKOM; the impact on the broad working class, and working class movements and responses.

This course will situate **South Africa’s pressing social problems** of inequality, poverty, unemployment and violence in these larger processes. It will also consider whether capitalist and state policies can or do provide solutions. In doing so, the course will necessarily examine issues such as the core features of capitalism, and the core features of the state.

## Economics and sociology

**The course includes** a basic discussion of different theories of capitalism and the state, and is a course in **economic sociology**. No society can be understood without examining the organisation of economic activities i.e. production, distribution and consumption. Conversely, the ideas, social relations and conflicts within the larger society have a deep impact on the arrangement of human, natural and technological resources for economic activity.

Economic arrangements are not merely neutral technical exercises in maximising ‘efficiency,’ arising from factors such as technology; on the contrary, what is produced, and for whom, how, and why – and what ‘efficiency’ itself means – are in key ways the product of particular social relations. For example, it is possible, in some situations, to have non-neo-liberal forms of capitalism, and – more abstractly – it is necessary to distinguish the state from *administration*, as such, and capitalism from *economies*, as such.

In many universities, there is a sharp separation between economics and the other social sciences, and economics, as a discipline, is dominated by one perspective, ‘mainstream’ (‘orthodox’) or ‘neo-classical’ (‘neo-liberal’) economics. This analyses economies in terms of the ‘choices’ of ‘rational’ individual

agents, ideally operating in free markets with no extraneous influences. By contrast, the sociological tradition has always insisted that this disciplinary distinction is artificial, and that ‘mainstream’ economics is flawed: it is incorrect to simplify individual and economic behaviour in this way, and the idealised free market posited in ‘mainstream’ economics has not – and indeed, cannot – exist. (The split between sociology and economics is comparatively recent dating back to the 1880s, and it is significant that two of the modern figures now described as founding ‘sociologists,’ were actually self-described economists: Karl Marx and Max Weber).

## Economy and society

Economic sociology insists therefore on **the necessity of pluralistic approaches to economics**, and has been a repository of heterodox (non-mainstream) approaches to economics. This sociological approach requires a **historical and contextual analysis**. Capitalism, which dominates the modern world, is based on production for profit. To understand modern society, we must understand capitalism; to understand capitalism, we need to understand capitalist and other social relations; to think about, and maybe even beyond, capitalism, we need to understand it as a product of society at a particular point in time, a social product rather than the obvious outcome of human nature. Until the 1880s, the distinction between economics and sociology was unclear; arguably it is still contested and problematic.

Economic activities before (and after?) capitalism were (will be?) organised in ways fundamentally different to those that seem ‘normal’ today. Therefore, it is useful to think in terms of **a sociology of economic life**, an ‘economic sociology,’ and also to consider – even if only abstractly – **alternative ways of running modern economies – and consider the political and policy implications of these options**.

## Expectations

### Readings policy

1. **Reading the course material is essential and compulsory**. Lectures are only a **guide** to the readings; you must fill in the gaps, and deepen your understanding, by using the prescribed readings.
2. You must read the **prescribed readings**. While (see below) you are strongly encouraged to seek out other readings and to keep up with the news, the prescribed readings cover essential issues, in a way relevant to the course, and form the foundation for the lectures.
3. You **cannot substitute** difficult prescribed readings for materials found elsewhere: rather, expand your abilities through perseverance, and feel free to consult on any questions.
4. Follow this rule for readings: **better less, but better**. It is better to have mastered the core ideas in a small number of texts, than to have a weak understanding of a large number of texts. This means, in practice, do not spend your time doing extra readings, unless you have already conquered the prescribed readings. Anything more than the prescribed readings is a bonus, and is **optional**.
5. A large part of what university teaches you is to **process and assimilate** information in a structured way. Mastering prescribed readings is a key instrument for developing this skill.

## RUconnected readings and reading strategy

Many readings listed in this outline are on RUconnected in the INS 3 section for this course. Focus on the prescribed readings. At least 80% of readings cited in essays and assignments must be readings prescribed or suggested for this course.

## Further resources

In addition to the materials provided online, you are strongly encouraged to seek out your own articles and books in the library and online.

You are encouraged to keep up to date with the issues by regularly reading newspapers such as *Business Day*, the *Financial Times* and the *Mail and Guardian*. You should be following the news regularly by this time in your studies, including paying attention to the business news. Useful periodicals include *Amandla*, *Capital and Class*, *Indicator SA*, *Debate*, *Khanya*, *Monthly Review*, *Development South Africa*, the *Review of African Political Economy*, the *South African Labour Bulletin*, *Transformation*, *Zabalaza: a southern African journal of revolutionary anarchism*, and *Z-Mag*.

If you want any guidance in selecting a reading – or in understanding a particular reading – please see (or email) us.

## Wikipedia and similar sites

You may only cite scholarly works (books, articles), news clippings and documentaries. You may not use Wikipedia or similar amateur sites for citations in assignments. If you wish to cite definitions, please use a Sociology Dictionary, an encyclopaedia or the prescribed readings.

## Lectures and participation

The course is based around lectures. However, we have no interest in a traditional situation where students are relegated to the role of passive note-takers. Student **participation** and discussion of issues in class is encouraged, and students are welcome to raise questions and open discussions on the issues in the course whenever possible.

Again, you are reminded that lectures are only a *guide* to the issues: they must be accompanied by regular *reading*. You will never really master the issues on the basis of lecture notes alone. You should ‘read’ for a degree, as some universities put it.

## Debate and disagreement

The course aims to teach you about the major issues in this field – and specifically, about *how* to think, not *what* to think. You may take any position you like on the issues, so long as you back up your position with logic and empirical data, and engage with the literature properly. You will not be rewarded nor punished for agreeing or disagreeing with the lecturer’s positions on the issues.

## Marked assignments and extensions

Late essays will be penalised by having marks deducted unless an extension has been granted through the standard channels. This is usually calculated at a deduction of 5% per day. There are no **weekly** assignments

**Questions** will be handed out separately.

Rather, there are **two substantial written pieces**, with mark values as follows:

- Essay, due [to be confirmed] **by 12 midday**, and worth 50% of written assignment marks;
- Essay, due [to be confirmed] **by 12 midday**, and worth 50% of written assignment marks.

## **Rewrite policy for assignments**

To be discussed in class.

## **Handout No. 1**

Please consult Handout No. 1 for an outline of the University's policy on plagiarism, guidelines on the formatting and writing of assignments, the departmental rules regarding citations and references, and the criteria for assessing written work. A copy of the Assignment Cover Sheet, which must accompany all assignments submitted to the Department, is also available in Handout No. 1.

## **Labour Studies Seminar Series 2020**

All students are strongly encouraged to attend the Labour Studies Seminar Series hosted by the Neil Aggett Labour Studies Unit (now in the Sociology department), the Department of Sociology, the Department of History, and the Department of Economics and Economic History. These talks and discussions will provide a wider sense of the field of Economic and Industrial Sociology. A copy of the programme will be distributed, and you will be sent email notifications.

## Theme one (week 1)

### POSING THE PROBLEMS: INEQUALITY, MELTDOWN, POVERTY

**TOPICS:** defining ‘economy,’ ‘capitalism’; the scope and form of current global economic restructuring and inequality; locating South Africa in these larger processes and systems by looking at class structure and economic problems.

**VIDEOS:** *False Profits: The Global Economic Crisis and Its impact on the South African Working Class*. 2009. Video recording. Cape Town: Alternative Information and Development Centre. **In lectures or in slots to be arranged.**

#### *Prescribed readings listed in preferred reading order*

- Albert, M. (2003). *Parecon: Life after capitalism*. New York: Verso. Chapter 1.
- Granovetter, M., & Swedberg, R. (1992). Introduction. In: M. Granovetter & R. Swedberg (eds). *The sociology of economic life*, pp. 1-26. Boulder, San Francisco, Oxford: Westview Press.
- Jonas, M. (2019). *After Dawn: Hope after State Capture*. Johannesburg: Picador Africa, chapter 1.
- Rumney, R. (2005). Who owns South Africa: An analysis of state and private ownership patterns. In: J. Daniel, R. Southall & J. Lutchman (eds). *State of the nation: South Africa 2004-2005*, pp. 401-422. Pretoria: HSRC Press.
- Van der Walt, L. (2015). Beyond “white monopoly capital: Who owns South Africa? *South African Labour Bulletin*, Vol. 39 (3), pp. 39-42.
- SELECTION: Seidman-Makgetla, N. (2004). The post-apartheid economy. *Review of African Political Economy*, Vol. 100, pp. 263-267 up to heading ‘Debates on Economic Policy’ plus ALL tables), and pp. 272-279 (from ‘The Response of the Formal Sector’ up to ‘Toward a Development Strategy?’).

#### *Suggested extra reading*

- Hattingh, S. (2009). *The global economic crisis and the fourth world war*. Cape Town: International Labour Research and Information Group.
- Mabasa, K. (2015). Voice from the left: Six myths on post-apartheid political economy. *South African Labour Bulletin*, Vol. 39 (3), pp.43-45.
- Moloi, D. (2015). Government’s rand power. *Service Delivery Review*, Vol. 10 (3), pp. 52-54.
- Reddy, N. (2014). *Wages, profits and unemployment in post-apartheid South Africa*. Cape Town: Alternative Information and Development Centre.
- Southall, R. (2012). The power elite in democratic South Africa: Race and class in a fractured society. In: D. Pillay, J. Daniel, P. Naidoo. & R. Southall. (eds) *New South African review* 3, pp. 17-38. Johannesburg: Wits University Press.
- Various PRESS clippings on international and South African patterns of inequality.

#### **Read the readings, and come to class prepared to answer the following questions:**

1. How can a sociological perspective help explain economic life?
2. What is an ‘economy’ and what is ‘capitalism’ following Albert (2003)?
3. Who controls the major productive including state resources in South Africa?
4. Outline at least four major problems facing the post-apartheid South African economy.

## Theme two (week 2)

# SOLVING THE PROBLEMS? POST-APARTHEID SOUTH AFRICAN POLICIES: RDP, GEAR, NEW GROWTH PATH (NGP)

**TOPICS:** defining ‘policy,’ ‘strategy,’ ‘goals’; outlining major post-apartheid state economic policies; the place of neo-liberalism and Black Economic Empowerment (BEE) in such policies; how the state’s measures are intended to address the core issues in the post-apartheid economy.

### *Prescribed readings listed in preferred reading order*

- Marais, H. (1998). *South Africa: Limits to change*. London, New York: Zed Books / Cape Town: UCT Books, pp. 177-198.
- EXTRACT: International Labour Resource and Information Group (ILRIG). (1998). *An alternative view of globalisation*. Cape Town: International Labour Resource and Information Group.
- SELECTION: Seidman-Makgetla, N. (2004). The post-apartheid economy. *Review of African Political Economy*, No. 100, pp. 67-270 (from heading ‘Debates on Economic Policy’ up to end of sentence that starts ‘A growth model that increasingly
- Southall, R. (2005). Black empowerment and corporate capital. In: J. Daniel, R. Southall & J. Lutchman. (eds). *State of the nation: South Africa 2004-5*, pp. 455-478. Pretoria: HSRC Press.
- Steyn, G. (2005). Going for growth: The ANC’s economic policies. In: A. Bernstein & S. Johnston. (eds). *The next decade: Perspectives on South Africa’s growth and development*, pp. 189-206. Johannesburg: Centre for Development and Enterprise.
- Various PRESS clippings on the ‘Black Industrialists’ and ‘National Gazelles’ programmes.

### *Suggested extra reading*

- Various PRESS clippings on NGP (ignore ASGISA sections).
- Gelb, S. (1991). South Africa’s economic crisis: An overview. In: S. Gelb (ed.) *South Africa’s economic crisis*, pp.1-32. Cape Town: David Philip/ London, New Jersey: Zed Books.
- Reddy, N. (2014). *Wages, profits and unemployment in post-apartheid South Africa*. Cape Town: Alternative Information and Development Centre.

### **Read the readings, and come to class prepared to answer the following questions:**

1. What is an economic policy?
2. What is a *state* or government economic policy?
3. What are the *goals* of GEAR? Are these different to those of the RDP?
4. Compare and contrast the *methods* the RDP and GEAR proposed to solve South Africa’s
  - a. High unemployment?
  - b. Low levels of growth?

- c. Skills shortages?
5. Does the NGP represent a break with GEAR? Develop your answer using the newspaper reports provided.
  6. In what ways if any does South Africa's BEE policy contradict the GEAR and NGP approaches?
  7. What does 'policy gridlock' mean, and in what ways is this evident in current policies?

### **Theme three (week 3)**

## **NEO-LIBERALISM AND KEYNESIANISM**

**TOPICS:** neo-liberal theory including the 'law' of supply and demand, *homo economicus* and the strong state; neo-liberalism's strategic implications for policy and job creation; the Keynesian critique and its strategic implications for policy and job creation; Keynesianism and the 1994 RDP in South Africa; the conceptual distinction between 'capitalism' and 'neo-liberalism.'

**VIDEO:** *Commanding Heights: The Battle for the World Economy*. 2002. Video recording. Arlington, VA: Public Broadcasting Service extracts or *Reconstruction*. 1994. Johannesburg: Afravision / Congress of South African Trade Unions. **In lectures or in slots to be arranged.**

*Prescribed readings listed in preferred reading order*

- Holton, R. (1992). *Economy and Society*. London: Routledge. Chapters 3 & 4.
- Table on 'law of supply and demand.'
- Skidelsky, R. (2011). The relevance of Keynes. *Cambridge Journal of Economics*, Vol. 35 (1), pp.1-13.
- SELECTION: Seidman-Makgetla, N. (2004). The post-apartheid economy. *Review of African Political Economy*, Vol. 100: pp. 270-272 (from end of sentence starting 'A growth model that increasingly ...' to heading 'The Response of the Formal Sector').
- SELECTION: van der Walt, L. (2011). 'COSATU's response to the crisis.' *Anarcho-syndicalist Review*, Vol. 56: pp. 11-12 (up to 'A Nordic Road?')

*Suggested extra reading*

- Friedman, M. & Friedman, R. (1982). *Capitalism and freedom*. Chicago: University of Chicago Press. Chapter 2.
- Kellermann, C., Dullien, S. & Herr, H. (2012). A decent capitalism for a good society. Paper presented at *Economics and society: The ethical dimension online conference*. Hosted by World Economics Association WEA, February-March 2012.
- Reddy, N. (2014). *Wages, profits and unemployment in post-apartheid South Africa*. Cape Town: Alternative Information and Development Centre.
- Turok, B. (2011). Building a progressive consensus. In: B. Turok (ed.) *The controversy about economic growth*, pp. 175-185. Johannesburg: Development Bank of Southern Africa/ Jacana.

**Read the readings, and come to class prepared to answer the following questions:**

1. What is meant by the notion of *homo economicus* as used in economic liberalism?



2. List at least three supposed positive outcomes of a free market according to economic liberalism.
3. In what ways can a state help create a free market, using government economic policy?
4. Explain the economic liberal argument that higher wages lead to *fewer* jobs, and that lower wages lead to *more* jobs.
5. Outline at least five criticisms of economic liberal theory from a sociological perspective using Holton.
6. Explain the Keynesian argument that higher wages lead to *more* jobs, and that lower wages lead to *fewer* jobs.

## Theme four (week 4)

### AGAINST CAPITALISM: MARXISM AND ANARCHISM/ SYNDICALISM

**TOPICS:** understanding the difference between radical and pro-capitalist views; Marxism: base/ superstructure, nature of state, core features of capitalism: class struggle, exploitation, ‘overproduction,’ crisis, revolution, central planning; anarchism/ syndicalism: open / non-determinist class analysis, capitalism and state as part of system of authoritarian and unbalanced work, waste and deformed development, ‘underproduction,’ private appropriation, revolution, anarchist-communism.

**VIDEO:** *Commanding heights: The battle for the world economy*. 2002. Video recording. Arlington, VA: Public Broadcasting Service extracts and *The Spanish Civil War*, episode 5: ‘Inside the Revolution.’ 1983. London: British Broadcasting Corporation. **In lectures or in slots to be arranged.**

*Prescribed readings listed in preferred reading order*

- Sanderson, J.B. (1969). *An interpretation of the political ideas of Marx and Engels*. London: Longmans. Chapter 3.
- EXTRACTS: Marx, K. & Engels, F. [1848] 1954. *The communist manifesto*. Chicago: Henry Regnery Company, pp. 39-40, 53-55.
- Bekken, J. (2009). Peter Kropotkin’s anarchist economics for a new society. In: F. Lee & J. Bekken (eds). *Radical economics and labour: Essays in honour of the IWW centennial*, pp. 27-45. London, New York: Routledge.
- EXTRACT: Hahnel, R. (2002). *The ABCs of political economy*. London, Stirling/Virginia: Pluto Press, pp. 278-290.

*Suggested extra reading*

- Holton, R. (1992). *Economy and society*. London: Routledge. Chapters 5& 6.
- Gorostiza, S., March, H. & Saurim, D. (2012). Servicing customers in revolutionary times: The experience of the collectivised Barcelona Water Company during the Spanish Civil War. *Antipode*, Vol. 45 (4), pp. 908-925.
- Majavu, M. (2008). Africa: Life after colonialism. In: C. Spannos (ed.) *Real utopia: Participatory society for the 21st century*, pp. 112-129. Oakland, CA: AK Press. (Outlines parecon/ anarchist position).
- Ovejero, A. (2010). Spanish libertarian collectives: A unique historical case of worker self-management. *WorkingUSA: The Journal of Labour and Society*, Vol. 13 (4), pp.521–535.
- Steele, C.N. (2002). The Soviet experiment: Lessons for development. In: J. Morris. (ed.) *Sustainable development: Promoting progress or perpetuating poverty?* pp. 1-17. London: Profile Books.
- Van der Walt, L. (2017). Anarchism and Marxism. In N. Jun (ed.) *The Brill companion to anarchism and philosophy*, pp. 505-558. Leiden, Boston: Brill.

**Read the readings, and come to class prepared to answer the following questions:**

1. On Marxism:
  - a. What are 'exploitation,' 'accumulation' and 'primitive [original] accumulation' in capitalism?
  - b. What causes capitalism's recurrent economic crises? Can Keynesianism solve these?
  - c. What is class, and what is the state?
  - d. What is the classical Marxist alternative to capitalism?
2. On anarchism/ syndicalism:
  - a. Explain the case against the 'wage system,' according to this theory.
  - b. What accounts for ongoing 'underproduction; under capitalism and the state'?
  - c. What is class, and what is the state?
  - d. What is the anarchist/ syndicalist/ parecon alternative to capitalism?

## **Theme five (week 5)**

### **THE GLOBAL AND LOCAL RISE OF NEO-LIBERALISM**

**TOPICS:** conceptual distinction between 'globalisation' and neo-liberalism; role of globalisation in neo-liberalism; multi-national corporations; the 1970s capitalist crisis and the end of the 'three worlds'; working class political crisis; attracting FDI as state elite project; South Africa specific factors: apartheid industrialisation, the democratic transition, the labour movement role.

**VIDEO:** *Commanding heights: The battle for the world economy*. 2002. Video recording. Arlington, VA: Public Broadcasting Service extracts *South Africa: Economy in crisis*. Video recording. Johannesburg: Congress of South African Trade Unions. Or *Has socialism failed us?* 2002. Video recording. Johannesburg: Film Resource Unit. **In lectures or in slots to be arranged.**

*Prescribed readings listed in preferred reading order*

- Walton, J., & Seddon, D. (1994). *Free markets and food riots: The politics of global adjustment*. Oxford, UK: Wiley-Blackwell. Chapter 1.
- Marais, H. (2001). *South Africa: Limits to change*. London, New York: Zed Books/ Cape Town: UCT Books. Second edition, pp. 122-159.
- Gumede, W. (2005). *Thabo Mbeki and the battle for the soul of the ANC*. Johannesburg: Zebra Press, pp. 67-127.
- Lehulere, O. (1997). The political significance of GEAR. *Debate* first series, No. 3, pp.73-88.
- Tabane, R. (2016). SA's industrial lifejacket: The black industrialist programme. *Cape Business News*, 18 November.
- Van der Walt, L. 2019. *Beyond decent work: Fighting for unions and equality in Africa*. Berlin: Friedrich-Ebert-Stiftung. Available at: <http://library.fes.de/pdf-files/iez/15592.pdf>

### *Suggested extra reading*

- Various PRESS clippings on the Black Industrialist and National Gazelle programmes.
- Freund, B. (2010). Development dilemmas in post-apartheid South Africa: An introduction. In: B. Freund and H. Witt (eds). *Development dilemmas in post-apartheid South Africa*, pp. 1-31. Scottsville: University of KwaZulu-Natal Press.
- Gelb, S. (1991). South Africa's economic crisis: An overview. In: S. Gelb (ed). *South Africa's Economic Crisis*, pp. 1-32. Cape Town: David Philip/ London, New Jersey: Zed Books.
- EXTRACTS: Giliomee, H. (2010). *The Afrikaners: Biography of a people*. Cape Town: Tafelberg Publishers. Revised edition.
- Jones, S. (ed.) (2002). *The decline of the South African economy*. Cheltenham, UK, Northampton MA, USA: Edward Elgar in association with UNISA. Chapters 1, 2 & 12.
- Kemp, T. (1991). *Historical patterns of industrialisation*. London: Longmans, pp. 178-189.
- Mbeki, M., & Mbeki, N. (2016). *A manifesto for social change: How to save South Africa*. Johannesburg: Picador Africa, pp. 33-57 ('the dynamics of a stunted capitalist society') and pp. 69-80 ('the historical context of South Africa').
- Tabb, W. (2005). Capital, class and the state in the global economy. *Globalizations*, Vol. 2 (1), pp. 47-60.
- Van der Walt, L. (2011). COSATU's response to the crisis. *Anarcho-syndicalist Review*, No. 56, pp.12 -13 (from heading 'A Nordic Road?').

### **Read the readings, and come to class prepared to answer the following questions:**

1. What is the basic distinction between neo-liberalism and 'globalisation'?
2. Outline Walton and Seddon's explanation for the global rise of neo-liberalism.
3. Why have 'third world' states actively promoted neo-liberalism?
4. What economic, social and political key factors led to South Africa's adoption of neoliberalism?
5. What are some of the core weaknesses in South African capitalism?
6. Can Keynesianism be revived today? Use Walton & Seddon, Lehulere, Marais and van der Walt.
7. What are some options for post-apartheid reindustrialisation and innovation?
8. What are the Black Industrialists and the National Gazelles programmes? What do they suggest about the state's commitment to neo-liberalism?

## Theme six (week 6)

### NEO-LIBERAL STATE ASSET RESTRUCTURING: ITS EFFECTS AND IMPLEMENTATION

**TOPICS:** neo-liberal approaches to state asset restructuring; cost recovery policies; the state sector in South Africa; restructuring under the NP; restructuring under the ANC; an assessment of restructuring; distinguishing between policy *aims*, policy *strategies*, and policy *implementation*.

**VIDEO:** Special Assignment, “Power Crash” or substitute. **In lectures or in slots to be arranged.**

#### *Prescribed Readings listed in preferred reading order*

- Table on types of neo-liberal state asset restructuring.
- Table on types of privatisation contracts.
- International Labour Resource and Information Group (ILRIG). (1999). *An alternative view of privatisation*. Cape Town: International Labour Resource and Information Group, chapters 4 & 5.
- McDonald, D (ed.) (2002). The theory and practice of cost recovery in South Africa. In: D. McDonald & J. Pape. (eds). *Cost recovery and the crisis of service delivery in South Africa*, pp. 17-37. Pretoria: HSRC Press.
- Stylian, J. (2015). *Blackout: The Eskom crisis*. Cape Town: Jonathan Ball, chapters 7, 8 & 19.
- Jonas, M. (2019). *After dawn: Hope after state capture*. Johannesburg: Picador Africa, chapters 4, 7 & 12.
- Chipkin, I., Tshimomola, G. & Brunette, R. (2014). Decentralised procurement fails the state. *Mail and Guardian*, 1 August.
- Rumney, R. (2015). Underspending is expensive. *Grocott’s Mail*, 6 February.
- Various PRESS clippings on the Black Industrialists and National Gazelles programmes.

#### *Suggested extra reading*

- Various PRESS clippings on ESKOM, municipalities
- Gentle, L. (2008). Eskom to Eskom: From racial Keynesian capitalism to neo-liberalism 1910-1994. In: D. McDonald. (ed). *Electric capitalism: Recolonising Africa on the power grid*, pp. 50-72. Pretoria: HSRC Press.
- Greenberg, S. (2006). *The State, privatisation and the public sector in South Africa*. Cape Town: AIDC (ESKOM sections only).
- Jonas, M. (2019). *After dawn: Hope after state capture*. Johannesburg: Picador Africa, chapters 2 & 11.
- Hemson, D. (1998). Privatisation, public-private partnerships and outsourcing: The challenge to local governance. *Transformation*, No. 37, pp.1-28.
- Tsheola, J.P. & Sebola, M.P. (2016). Post-apartheid public service delivery and the dilemmas of state capitalism in South Africa, 1996-2009. *Journal of Public Administration*, Vol.47 (1.1), pp.228-250.
- Van der Heijden, T. (2013). *Why the lights went out: Reform in the South African energy sector*. Cape Town: Public Affairs Research Institute, UCT Graduate School of Development Policy and Practice.

**Read the readings, and come to class prepared to answer the following questions:**

1. Distinguish between policy *positions*, and policy *implementation*.
2. Distinguish between the privatisation, commercialisation and corporatisation of state assets.
3. When and how have these three methods been applied to municipalities since the 1980s?
4. Outline the basic case FOR the neo-liberal restructuring of state-owned assets, including on the issue of cost recovery.
5. Outline the basic case AGAINST the neo-liberal restructuring of state-owned assets, including on the issue of cost recovery.
6. How do BEE, the Black Industrialists development programme and the promotion of small, medium and micro-enterprises by means like the National Gazelles initiative fit into post-apartheid state asset restructuring?
7. Using data from the readings, dealing with South African municipalities OR ESKOM, which case seems more convincing?

## **Theme seven week 7**

### **BRINGING THE STATE BACK IN? STATE CAPACITY AND RESTRUCTURING OPTIONS**

**TOPICS:** understanding the post-apartheid state: capacity, subcontracting, accumulation, fiscal constraints including on social grants, policy drift and state fractures; implications of the discussion; considering Keynesian welfare state, Soviet/ Marxist, and anarchist/syndicalist models of alternative models of state asset restructuring models.

**VIDEOS:** Special Assignment's "Sh\*tty City" or substitute. **In lectures or in slots to be arranged.**

*Prescribed readings listed in preferred reading order*

- Chipkin, I. & Meny-Gibert, S. (2012). Why the past matters: Studying public administration in South Africa. *Journal of Public Administration*, Vol. 46 (1), pp.102-112.
- Masilela, T. & Mthiyane, S. (2014). From the RDP to the National Development Plan: The mirage of a super-ministry. In: T. Masilela, T. Meyiwa, S. Mthiyane, M., Nkondo, M. Chitiga-Mabugu, M. Sithole & F. Nyamnjoh (eds.) *State of the nation: South Africa 1994-2014: A twenty-year review of freedom and democracy*, pp. 59-78. Pretoria: HSRC Press.
- Radebe, J. (2015). A capable and competent public service. *Service Delivery Review*, Vol. 10 (3), pp. 24-27.
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### *Suggested extra readings*

- Various PRESS clippings on the Black Industrialists and National Gazelles programmes.
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- Majavu, M. (2008). Africa: Life after colonialism. In: C. Spannos. (ed.) *Real utopia: Participatory society for the 21st century*, pp. 112-129. Oakland, CA: AK Press, (outlines parecon/ anarchist position).
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- Turok, B. (2011). Building a progressive consensus. In: B. Turok. (ed.) *The controversy about economic growth*, pp. 175-185. Johannesburg: Development Bank of Southern Africa/ Jacana.
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- Van der Walt, L. (2015). Beyond "white monopoly capital: Who owns South Africa? *South African Labour Bulletin*, Vol. 39 (3), pp. 39-42.

### **Read the readings, and come to class prepared to answer the following questions:**

1. Outline some of the core weaknesses in the administrative structures of the apartheid and post-apartheid states.
2. How do these capacity and related problems impact on municipal services?
3. How would the following approaches suggest that state assets should be restructured as opposed to the neo-liberal approach?
  - a. Keynesianism/ the COSATU approach.
  - b. Classical Marxism.
  - c. Anarchism/ syndicalism/ parecon